



ESG REPORT

Environmental Sustainability

Social Responsibility

Corporate Governance

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Harnessing nature's power without leaving a mark.

With the launch of our first pressed powder, we committed to fully recyclable packaging — switching manufacturers, removing the mirror and choosing a minimalist compact made from recycled plastic.

This year, as our pressed powder range expanded, we stayed true to that sustainable solution by leaving out industry-standard extras that often make recycling difficult — or even impossible.

Continuing to strive for more sustainable packaging solutions, the rebrand of our bestselling Time Miracle collection also focused on packaging improvements. All new formulas are now filled in airless bottles, allowing up to 99% of the product to be used and significantly reducing the waste typically left behind in standard containers.

As we look ahead, one thing remains clear: the quality of our formulas matters more than flashy packaging — especially when the latter comes at nature's expense.



Lotte Tisenkopfa-Iltner
Co-founder of MÁDARA

A handwritten signature in black ink that reads "Lotte Tisenkopfa-Iltner".

At MÁDARA, sustainability is not a destination — it is a discipline we practice every day.

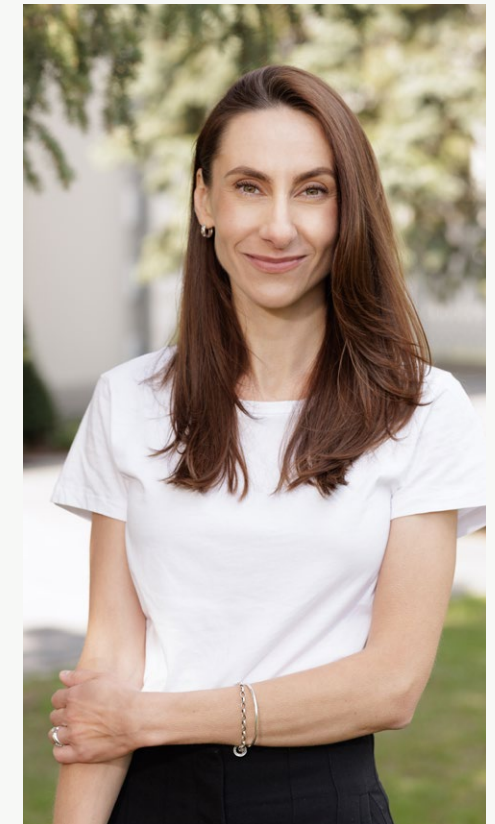
From governance to community impact, this journey challenged us to rethink, align, and grow. Sustainability is no longer just our value — it is now externally verified at the highest level.

This year, we continued to push boundaries with innovation that respects both people and planet. We expanded our award-winning Retinol Alternative line, introduced talc-free mineral powders and blushes, and launched our first HIS skincare range — all developed with clean ingredients and recyclable packaging.

Our operational improvements reflect the same intention. Whether transitioning to prevented ocean plastics, implementing energy-efficient production practices, or cutting our per-product GHG emissions to 32.5g, each department made measurable steps. Our switch to 100% renewable electricity remains central to our emissions strategy, as does our circular thinking in packaging, warehousing, and waste management.

Social responsibility stayed at the heart of our work. We were again recognised as the Greenest Brand in the Baltics and among the Top 20 Most Humane Brands. These honours reflect not only our external efforts — such as supporting the MARTA Centre and World Wildlife Fund — but also how we treat each other: with dignity, empathy, and care. With a majority-female team and a gender pay ratio that challenges European norms, we continue to prove that fairness and success go hand in hand.

To everyone who makes this journey possible — our team, partners, customers, and community — thank you! You inspire us to keep raising the bar.



Gunta Šulte
MÁDARA Chief Executive officer

A handwritten signature in black ink that reads "Gunta Šulte".

ESG Performance at a Glance

ESG Performance at a Glance



NATURAL
OR ORGANIC
CERTIFIED

MÁDARA cosmetics are certified according to the international COSMOS standard, which defines and supervises all ingredient sourcing, packaging and manufacturing processes.



93%
CERTIFIED
ORGANIC

93% of our plant-based ingredients (plant oils, plant extracts, waxes, butters, floral waters) come from certified organic farming



RECYCLABLE
PACKAGING

The primary packaging (bottles, tubes, flacons) has been made of recyclable materials since 2006



86%

of the total cardboard used was made of recycled materials

LOW CO₂
EMISSIONS



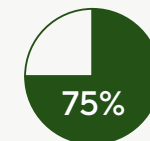
32.50 g of GHG emissions

per product manufactured (Scope 1 + Scope 2) in 2024



HELPING THE
COMMUNITY

We were proud to support K. Neiburgas' personal exhibition "Sologāmija," highlighting our commitment to arts and culture, and to also contribute to the World Wide Fund for Nature (WWF).



GENDER
DIVERSITY
RATIO

Female employees at MÁDARA: 75%

PART 1

Path to
B Corp™ certification



B Corp™ is a global community of more than 9,900 companies committed to meeting high standards of social and environmental performance, accountability, and transparency. It represents a company's commitment to balancing profit with purpose and creating a positive impact on people and the planet. Since April 2025, MADARA Cosmetics has been a proud member of this community. "The Baltics are still considered an emerging region within the B Corp movement, but momentum is steadily growing. There are now close to 10 certified B Corps across Estonia, Latvia, and Lithuania, with several more companies actively advancing through the certification pipeline," notes Zane Valujeva, a representative of B Corp in the Baltics. Here's a behind-the-scenes look at the process of how we achieved our B Corp™ certification.

The decision to apply for B Corp™ certification was made in 2023, initiating a process that involved extensive internal reviews and close collaboration with B Lab. The certification was led by Product Compliance and Regulation Manager Liene Birzgale, Director of Human Resources Marta Kāle, and Anete Vabule - then Sustainability Manager and now Co-founder of Selfnamed, an on-demand startup born within the MÁDARA ecosystem.

MADARA Cosmetics was founded on values such as sustainability and humanity from the very beginning. As a NASDAQ-listed company already COSMOS-certified by ECOCERT Greenlife, MADARA Cosmetics was well-positioned to align with the B Corp™ community's values. During the certification process, the focus was on aligning and updating existing procedures. This included items such as partner auditing, governance practices, and community engagement to meet B Lab's rigorous standards. "The fact that MÁDARA already had COSMOS certification made the process of becoming B Corp certified company much easier. We already have a library and third-party validation of how many of our products are

organic or natural with sustainable ingredient farming. Without having COSMOS certification, the process would have taken much more time", highlights Liene Birzgale.

B Corp™ certification is a journey, not a destination. It means that MÁDARA, together with other B Corps, is committed to continuous improvement in areas such as governance, community engagement, supplier management, and care for both customers and employees.

Throughout the process, we had the opportunity to highlight and appreciate practices we often consider "basic" or obvious, but truly aren't like this in a broader (international) corporate perspective. As a company built from the start on sustainable manufacturing, high health and safety standards, carefully chosen ingredients, and care for people both inside and outside the organisation, many of the evaluated topics were already deeply aligned with our core beliefs about how a modern company should operate. At the same time, the certification helped us identify areas that had not yet been fully



addressed and could be improved during the preparation phase. The process itself became a valuable step forward in the way we operate.

Employees, customers, and investors are increasingly demanding better business practices. B Corps are at the forefront of this positive change, working today for a better tomorrow. Becoming a B Corp™ means joining a global community of like-minded companies and leading with purpose. In a world that is rapidly evolving and full of conflicting forces, it is more important than ever to show how business can be a force and a source of good.

There are many ways to drive social and environmental impact. One is a "top-down" approach through regulations and legislation, such as the EU Corporate Sustainability Reporting Directive (CSRD), which aims to elevate social and environmental concerns to the top of corporate agendas. The other is a "bottom-up" approach, where companies independently recognise their impact and act in the best interests of all stakeholders - shareholders, customers, employees, and the environment. These two approaches complement each other in the mission to make sustainable business the new normal.

B Corp™ certification, rooted in U.S. standards, also highlighted legislative differences from country to country. For instance, in Latvia, health and safety practices are strictly regulated and mandatory. This made it relatively easy for us to achieve high scores in the "Employee" section by simply complying with Latvian law. "We are proud to be a part of a generation of people using business to make a better tomorrow a reality today. What I truly value in the B Corp certification process was the rigorous evaluation. It was not romantic or easy at all. Throughout the process each statement and answer had to be proven by data, facts, screenshots, documents. This truly proves that each company in the B Corp community has earned their place by doing business in a sustainable



way, putting focus on business needs as much as on planet's needs. And can prove it," notes Director of Human Resources, Marta Kāle.

Zane Valujeva underscores MÁDARA's preparedness and strategic fit with B Corp standards: "MÁDARA approached the B Corp certification process with a high level of preparedness - including strong internal policies, a clear sustainability focus, and prior experience in impact reporting. This foundation contributed to a generally smooth certification journey, even though the overall process was quite lengthy, as is often the case with companies operating in multiple product categories and markets" Gunta Šulte, CEO of MADARA Cosmetics, shares her perspective on the journey, echoing the sentiments of fellow B Corp voices: "Although sustainability has been a core value of MADARA Cosmetics since the very beginning, the B Corp certification process took two years, and it was important for us not only to formalise our existing sustainability practices but also to gain a new perspective on our operations - including a thorough evaluation of our partners. We were pleased to confirm that they align with our values."

PART 2

Sustainable Glow:
**Our Approach to
Eco-Conscious Face
Powders and Blushes**

*Sustainability is a mindset
manifested in daily actions*



In 2024, a completely new makeup product category was introduced — *talc free* pressed powders and blushes — positively contributing to the growth of the segment and reaffirming MÁDARA's ongoing commitment to offering high — performance and naturally clean formulations.

This strategic expansion marks a significant milestone in MÁDARA's product development journey, further enhancing our portfolio of sustainable decorative cosmetics that combine efficacy, safety, and environmental responsibility.

Spotlight Story: The Journey of Soft Silk Mineral Powders

Last year MÁDARA expanded its decorative cosmetics offering with the launch of the Soft Silk Mineral Powders — a talc-free, naturally formulated pressed powder designed to deliver a flawless complexion without compromising skin health or planetary well-being.

This launch marked more than just a new product on the shelf — it embodied years of research, purposeful ingredient sourcing, and thoughtful eco-design. It reflected MÁDARA's continued commitment to creating beauty products that perform effectively, feel luxurious, and meet rigorous sustainability standards.



Clean Ingredients, Skin-Conscious Formulas

The Soft Silk Mineral Powders are made from 100% natural-origin ingredients, with no talc, no microplastics, and no controversial fillers. Instead, they rely on mattifying rice powder, light-reflecting mica, oil-absorbing kaolin clay, and nourishing plant-based oils and antioxidants.

Importantly, the formula was developed in-house by MÁDARA's R&D team in Latvia, ensuring transparency and scientific integrity at every stage. Rigorous testing confirmed its compatibility with sensitive skin, while remaining vegan, gluten-free, and certified natural by COSMOS/ECOCERT.



A New Standard in Clean Beauty

Soft Silk Mineral Powder has quickly become a symbol of MÁDARA's clean beauty evolution — proof that luxury, performance, and sustainability can harmoniously coexist. As consumers become increasingly aware of what they put on their skin and how it affects the world around them, products like these show that conscious choices don't require compromise.

With this launch, MÁDARA once again demonstrates that transparency, innovation, and environmental care are not trends — they are foundations for the future of beauty.



The Glow of Responsibility — The Story Behind MÁDARA's Magnetic Blush

The Magnetic Mineral Blush is crafted with 100% natural-origin ingredients, carefully selected to provide a healthy, luminous glow without compromising skin health or environmental integrity. Instead of synthetic dyes or talc, it features:

- Rice starch for oil control and skin softness
- Natural mica for a subtle, light-reflective glow
- Kaolin clay for gentle absorbency
- Botanical oils that nourish and protect the skin

This minimalist formula is vegan, cruelty-free, gluten-free, and certified natural by COSMOS/ECOCERT — ensuring traceability, transparency, and ecological care at every level.

Eco-Conscious from Formula to Packaging

True to MÁDARA's sustainability principles, the Magnetic Mineral Blush is thoughtfully designed from the inside out. The compact is made from 60% post-consumer recycled (PCR) plastic and is 100% recyclable. To ensure full recyclability, it is intentionally designed without a mirror, avoiding mixed materials that complicate the recycling process.



A Symbol of Conscious Beauty

In today's beauty landscape, where consumers seek not only performance but purpose, the Magnetic Mineral Blush stands out. It proves that ethical formulation, minimal environmental impact, and high-performance makeup can — and should — go hand in hand.

With this launch, MÁDARA reinforces that glowing skin and a sustainable planet are not mutually exclusive. Rather, they are inseparable parts of a more responsible, conscious, and radiant future for beauty.

PART 3

Environmental *Sustainability*

*We enjoy the shade of the tree
we did not plant*



At MÁDARA, our core mission revolves around crafting skincare products that are not only effective but also deeply respectful of both human well-being and the natural world. We achieve this by meticulously formulating certified organic or natural skincare solutions, prioritising the use of organic and natural raw materials, and employing packaging that is either recyclable or made from post-consumer recycled content. Our manufacturing processes are designed to be clean, minimising environmental impact, and upholding the highest standards of safety.

With an impressive 93% of our plant-based ingredients sourced as certified organic, MÁDARA actively champions organic agriculture and supports biodiversity. This commitment inherently limits the reliance on synthetic chemicals, such as pesticides, and avoids harmful chemical processing. Our products proudly bear the certification from ECOCERT Greenlife, adhering to the rigorous international COSMOS standards. These standards provide a comprehensive framework for overseeing everything from ingredient sourcing and packaging to our manufacturing operations. Alongside our adherence to ISO GMP standards, the COSMOS certification underscores our unwavering dedication to developing innovative skincare that is safe for people and gentle on the planet.

The COSMOS standard mandates that certified producers maintain a robust environmental policy. This policy must encompass the entire manufacturing lifecycle, including the management of all by-products and waste generated. MÁDARA's comprehensive environmental management plan incorporates vigilant monitoring procedures for all critical environmental impact indicators. This systematic approach allows us to consistently assess and enhance our environmental performance year after year. Key areas of focus include:



- CO₂ emissions
- Energy consumption
- Water consumption
- Rainwater pollution
- Waste management
- And others

As we strive to remain at the forefront of sustainable manufacturing, MÁDARA firmly believes that sustainability is an evolving philosophy, not a static achievement. Consequently, our Company is engaged in a continuous cycle of re-evaluation and refinement across all facets of our operations, including sourcing, production, packaging, delivery, and other business practices.

3.1. Sustainable Ingredients

Good food starts with good ingredients. Good skincare is just the same. Raw materials have an impact on both the skin and the environment.

MÁDARA has consistently prioritised the use of natural, organic, and regenerative ingredients, reflecting its core philosophy of creating beauty solutions without compromising health or environmental safety. Our approach is multi-faceted, encompassing rigorous sourcing standards, exclusion of harmful substances, ethical considerations, and innovative technological applications.

Organic and Regenerative Sourcing: MÁDARA's products are ECOCERT/COSMOS certified, with ingredients primarily sourced from local organic farms. In 2024, 93% of its plant-based ingredients were certified organic. The company's 2024 product launches further emphasise regenerative ingredients, which actively contribute to soil health, carbon sequestration,

and biodiversity, moving beyond standard organic practices.

– **Exclusion of Harmful Substances:** MÁDARA adheres to a precautionary principle, avoiding ingredients, technologies, or processes that could pose health or environmental risks. This includes forbidding genetically modified organisms (GMOs) and irradiation of raw materials in its formulations. The company also manufactures cosmetic products without microbeads, instead using natural exfoliating ingredients like volcanic sand.

– **Ethical Sourcing:** MÁDARA exclusively uses raw materials that comply with the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES) requirements. The majority of MÁDARA products are vegan, with beeswax being the only non-vegan ingredient, obtained through strictly regulated processes that do not entail animal death.

– **Innovative Technologies:** MÁDARA utilises plant stem cell technology to obtain active ingredients without harvesting plants or damaging natural habitats, thereby promoting biodiversity and environmental friendliness.

– **Talc-Free Commitment:** MÁDARA's overarching commitment to natural and safe ingredients, coupled with its ECOCERT/COSMOS certification, implies a focus on avoiding potentially harmful or controversial substances. For instance, the company explicitly states its use of non-nano Zinc Oxide, which has been shown not to harm marine ecosystems, demonstrating a proactive approach to ingredient safety and environmental impact.





Reduced contaminants

Our commitment to natural and organic ingredients significantly contributes to reducing contaminants in our products and the environment. Unlike the manufacturing of many synthetic raw materials, which often generates undesirable by-products and impurities, our processes are inherently cleaner.

For instance, the production of widely used synthetic ingredients like polyethylene glycol can result in harmful contaminants such as 1,4-dioxane, a known carcinogen. In contrast, organic ingredients are naturally free from the by-products of chemical synthesis, and their

¹ plant oils, plant extracts, waxes, butters, floral water and similar.

production methods are considerably more environmentally sound when compared to ingredients derived from petrochemicals. This ensures a purer product for you and a cleaner footprint for our planet.

Free from pesticides

Unlike conventional agriculture, organic farming restricts the use of pesticides, chemical fertilisers and growth enhancers. Intensive industrial agriculture often compromises environmental sustainability — polluting soil and water with residues of agrochemicals and endangering the biodiversity of species. Non-organic agro-ingredients may also have a negative influence on human health as they may contain the residues of agricultural chemicals in the final product. It is well known that most of the fertilisers and pesticides efficiently penetrate through the epidermis (skin), indicating their ability to systemically influence human health. Even in low concentrations there is a cumulative effect of agrochemicals on the human body. Many of them have been proven to have an effect on the endocrine system. To minimise health and environmental risks associated with intensive industrial agriculture, 93% of MÁDARA plant ingredients¹ are sourced from organic farming.

Precautionary principle

At MÁDARA, our commitment to safety and environmental responsibility is guided by the COSMOS standards' precautionary principle. This means that if there's scientific evidence suggesting an ingredient, technology, or process could pose a risk to human health or the environment, we opt not to include it in our formulations or manufacturing processes.

For this fundamental reason, genetically modified organisms (GMOs) are strictly excluded from all MÁDARA formulations. Furthermore, to ensure the purity and integrity of our raw materials, the irradiation of ingredients with Gamma and X-ray radiation is explicitly forbidden in our operations. This rigorous approach underscores our dedication to creating products that are safe for you and kind to the planet.

Microplastics free

It's easy to dismiss what you can't see, but microplastics-plastic fragments smaller than

5 mm — pose an immense, often unseen, threat to our planet. These minuscule particles bypass standard water filtration systems, ultimately polluting our oceans, lakes, and rivers, and creating an ecological catastrophe with the potential to devastate marine life.

Microplastics enter our waterways in two primary forms:

Primary microplastics are intentionally manufactured small plastics, such as the microbeads found in some personal care products or the microfibers shed from synthetic clothing. Secondary microplastics result from the breakdown of larger plastic items into smaller pieces over time.





Their tiny size makes them particularly insidious; they are impossible to effectively clean up from beaches and are readily ingested by a vast array of marine organisms, from zooplankton – the very foundation of the marine food web – to birds, fish, turtles, and whales. It’s estimated that over 90% of seabirds now have plastic fragments in their stomachs. This plastic pollution is injuring and killing marine mammals and seabirds, with concerns that it could lead to the extinction of up to 700 species. Disturbingly, as these tiny pollutants move up the food chain, they can even end up on our dinner plates.

For the cosmetics industry, microbeads – commonly found in face exfoliators, toothpastes, shower gels, and body scrubs – have been a significant concern. While some countries, like the United Kingdom, have recently banned them, they persist in products across many parts of the globe.

At MÁDARA, we are proud to confirm that all our cosmetic products are manufactured

entirely without the use of microbeads. Instead, we consciously choose natural exfoliating ingredients, such as volcanic sand, which pose no threat to the environment. Our commitment ensures that our products contribute to a cleaner planet, protecting marine ecosystems from this pervasive and harmful pollutant.

Protection of endangered species

In accordance with COSMOS standards MÁDARA uses only raw materials that respect the requirements of the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Kind to animals

MÁDARA does not use raw materials extracted from living or slaughtered animals. The majority of MÁDARA products are vegan. The only non-vegan ingredient in MÁDARA products is beeswax. In accordance with COSMOS standards this ingredient has been obtained using strictly regulated processes and they do not entail the death of the animal concerned.



2024 Product Ingredient Highlights

In 2024, products with recyclable packaging were launched



RETINOL ALTERNATIVE
Plant-Powered
Day Cream, 50ml



RETINOL ALTERNATIVE
Plant-Powered
Night Cream, 50ml



RETINOL ALTERNATIVE
Plant-Powered
Eye Serum, 15ml



HIS After Shave Serum, 75ml



HIS Face Cream, 50ml



HIS Eye Cream, 17ml



Botanic Niacinamide
Alternative 5in1 Serum, 30ml



HERBAL Deodorant, 50ml



**AIR EQUAL Soft Silk
Mineral Powder,
#0 TRANSLUCENT, 9g**



**AIR EQUAL Soft Silk
Mineral Powder, #1 FAIR, 9g**



**AIR EQUAL Soft Silk
Mineral Powder, #2 BEIGE, 9g**



**AIR EQUAL Soft Silk
Mineral Powder, #3 DEEP, 9g**



**MAGNETIC BLUSH
Mineral Cheek Blusher,
#1 FIERCE FLAME, 6g**



**MAGNETIC BLUSH
Mineral Cheek Blusher,
#2 BARE BLOSSOM, 6g**



**MAGNETIC BLUSH
Mineral Cheek Blusher,
#3 COLD CHEEKS, 6g**

At MÁDARA, excellence is a core value, particularly evident in our product development. We believe that exceptional formulas and products are fundamental to our success. In 2024, we continued to demonstrate this commitment by launching 11 new products, each reflecting our dedication to innovation, high performance, and clean formulations.

A major highlight of the year was the expansion of our Retinol Alternative line. Building on the remarkable success of our best-selling serum, we introduced a new day cream, night cream, and eye cream. This expanded line quickly became a key driver of skincare growth, generating nearly EUR 1 million in revenue. Our dedication to excellence in this range was further recognized when, in October 2024, our Retinol Alternative Plant-Powered Serum received a prestigious award.

This product line is a testament to our proactive approach to cosmetic innovation. With the European Union's new restrictions on retinol concentrations, we anticipated the need for safe, high-performance alternatives. Our Retinol Alternative products are formulated with *Bidens Pilosa* extract, a natural ingredient that delivers the age-defying benefits of traditional retinol without the common drawbacks like irritation. This strategy aligns with our commitment to consumer safety and clean formulations, while positioning us at the forefront of the industry's shift toward effective and sustainable alternatives.

In makeup, we significantly broadened our SKINONYM foundation shade range and successfully introduced talc-free pressed powders and blushes. These high-performance formulas are meticulously crafted with a focus on skin health. Our Skinonym Semi-Matte Peptide Foundation also garnered international recognition with an award received in



October 2024, underscoring our commitment to innovative and effective makeup solutions.

2024 also marked an exciting new chapter for MÁDARA with our debut in men's skincare through the launch of the HIS Line. This expansion reflects our continuous drive to meet diverse consumer needs with our signature quality.

The awards received for our Retinol Alternative Plant-Powered Serum and Skinonym Semi-Matte Peptide Foundation came from the European Natural Beauty Awards. This esteemed programme serves as Europe's industry recognition platform for outstanding natural cosmetics and sustainable beauty products. Each year, the awards unite the industry to celebrate the best natural beauty products in Europe and honour the professionals who have significantly contributed to the industry's growth. These accolades reaffirm our position as a leader in natural and sustainable beauty.

3.2. Sustainable Packaging

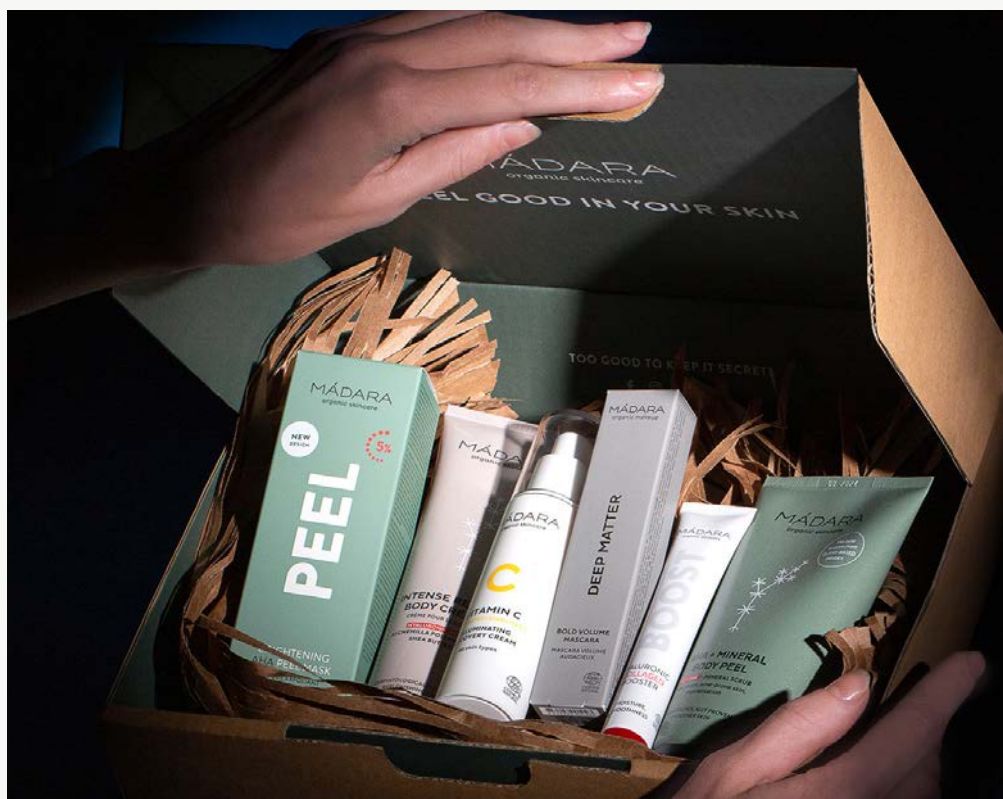
Packaging sustainability has been an integral part of product design at MÁDARA Cosmetics since our very first day. To minimise the direct and indirect environmental impacts of packaging throughout its life cycle, we strategically use recyclable materials and integrate recycled content wherever possible. Through our proactive efforts, we are already setting ourselves on the path towards the requirements of the upcoming 2030 EU regulations in the field of sustainable packaging.

MÁDARA skincare primary packaging (e.g., bottles, flacons) is predominantly made of **recyclable materials (recyclable polymers or glass)**. We continue to increase our use of

post-consumer recycled (PCR) plastics in the production of larger packaging volume items such as shampoos and liquid soaps. Furthermore, we are gradually transitioning several bottles from general post-consumer-recycled plastics to **prevented ocean plastics**. This involves plastics collected in coastal areas to stop them from ever reaching the ocean.

In our continuous pursuit of enhanced recyclability and reduced environmental impact, we have made significant advancements in our packaging design in 2024:

- We have **abandoned the use of glossy coating in our bottle designs**. This change



simplifies the recycling process and reduces the use of additional materials, reflecting our commitment to minimalist and environmentally conscious design.

- We are actively on the path towards **mono-packaging solutions**. This strategic shift ensures that our packaging is made from a single type of material, making it **100% recyclable** and significantly streamlining recycling infrastructure processes. This is a crucial step towards achieving true circularity for our products.

These initiatives underscore our commitment to not just meet, but exceed, industry standards for sustainable packaging, ensuring that our beautiful products are housed in packaging that respects our planet.

The sustainability of both primary and secondary packaging is regulated and monitored by COSMOS standards, which requires that packaging must be reviewed against the standard at least every three years to improve environmental sustainability.

COSMOS also specifies the list of allowed and forbidden packaging materials based on their recycling practices, environmental impact and other criteria.

Allowed materials in packaging:

Wood, Glass, Aluminium, PE [Polyethylene], PET [Poly(ethylene terephthalate)], PP [Polypropylene], PETG [Poly(ethylene terephthalate) glycol], Paperboard, PLA [Polylactic acid] (non GMO), any other 100% natural materials.



Forbidden materials in packaging:

Polyvinyl chloride (PVC) and other chlorinated plastics, polystyrene and other plastics containing styrene materials or substances that contain, have been derived from, or manufactured using genetically modified organisms. It must be proven that these materials have not been used, for example by having written confirmation from the supplier.

Transportation packaging

At MÁDARA, sustainable practices extend to our transportation packaging, aiming to minimise waste and optimise materials throughout our supply chain. We actively reduce the environmental impact of our packaging through:

Material Minimisation: We optimize packaging size and weight, to reduce material use and maximize shipping efficiency. This also includes minimizing tape use to just 3 cm per box.



Prioritising Recycled Content: A core strategy is using high percentages of recycled content in our cardboard boxes. In 2020, we utilized significant amounts of 100%, 90%, and 60% recycled packaging for various shipments. We aim to sustain and increase these figures in 2024.

Promoting Recyclability: All packaging materials are chosen for easy recyclability, avoiding

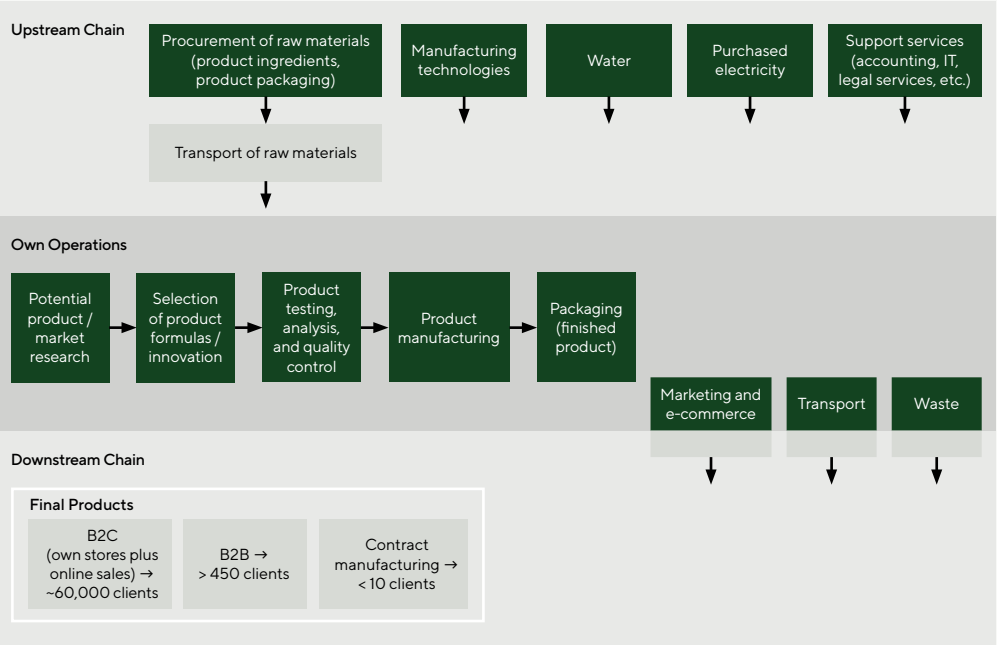
mixed materials and adhesives that hinder the process.

Reducing CO₂ Emissions: We optimise delivery routes and have digitised internal logistics to reduce paper. Our low return rate (below 1%) further cuts transportation emissions.

Supplier Collaboration: We partner with suppliers committed to environmental responsibility, seeking out those who provide certified, eco-friendly packaging solutions.

We work with partners who share our dedication to sustainability. This includes collaborators whose overall commitment to responsible management and environmental impact aligns with our rigorous selection criteria, ensuring that even in raw material supply, our partners are mindful of their broader environmental footprint, including logistics and packaging.

MÁDARA value chain:



Upstream activities encompass the critical initial phases, including the design and packaging of products, as well as the transportation of raw materials and ingredients. This segment highlights our commitment to sustainable sourcing from the very beginning.

Our In-House Operations form the core of our value creation. This involves the selection and innovation of potential products and market insights, rigorous product testing and quality control, and the actual production and packaging of finished goods. Here, our focus on sustainable manufacturing processes, including responsible water and energy consumption, is paramount.

Finally, the Downstream segment covers everything post-production, from marketing and e-commerce to transportation and waste management. This includes our direct sales to over 60,000 B2C customers, engagement with more than 450 B2B clients, and contract manufacturing for fewer than 10 clients. This comprehensive approach ensures that our sustainability efforts extend to product delivery and end-of-life considerations, reflecting our holistic commitment to environmental and social responsibility across our entire value chain.

3.3. Sustainable Manufacturing

The production process and other processes and activities of MÁDARA can be described as low energy consuming. It is important to consume as little energy as possible both from an environmental and economic perspective, therefore we strictly monitor our energy consumption. MÁDARA energy saving policy describes clear activities and responsibilities for every employee.

Our production process consists of modern state of the art equipment. Most of our machinery is manufactured by industry-leading engineering companies, which integrate the most efficient energy solutions.



	2016	2017	2018	2019	2020	2021	2022	2023	2024
GHG Emissions (E1), t	95.06	132.08	139.12	164.11	197.96	206.46	154.20	148.70	164.90
Scope 1:	74.14	122.19	139.12	114.05	163.70	184.04	154.20	148.70	164.90
Production	67.44	110.38	112.89	110.78	120.70	141.43	118.95	113.34	128.70
Vehicles	6.70	11.81	26.23	37.27	43.00	42.61	35.25	35.37	36.0
Scope 2 (electricity):	20.92	9.89	0	16.06	34.26	22.42	0	0	0
Energy Intensity (E2), kg/EUR	0.02	0.025	0.022	0.015	0.012	0.011	0.009	0.008	0.008
Kg per unit manufactured	0.071	0.090	0.082	0.085	0.080	0.079	0.063	0.058	0.033

Source: Internal Company records.

GHG Emissions (E1*)

In 2024, MÁDARA’s Direct Scope 1 GHG emissions amounted to 164.90 tonnes. This increase from 2023’s 148.70 tonnes is primarily a result of the combustion of gas for production, which contributed 128.70 tonnes, reflecting increased production volumes. Additionally, company-owned vehicles drove a total of 36.0 tonnes in emissions, a slight increase from 35.37 tonnes in 2023. We continuously monitor and seek opportunities to optimise our vehicle fleet usage.

For the Indirect Scope 2 GHG emissions (electricity usage), MÁDARA maintained its commitment to sustainability. As in previous years, the attributable Scope 2 emissions remain nil due to our continued purchase of 100% green electricity. This electricity is exclusively produced from renewable energy sources, as verified by the AS Latvenergo POWERED BY GREEN certificate. We are continually refining our manufacturing processes to minimise energy consumption and have implemented energy-efficient lighting solutions throughout our buildings to further reduce our environmental footprint. Our focus remains on operational efficiency and

maintaining our zero Scope 2 emissions by continuing to power our operations with certified renewable energy.

Emissions Intensity (E2)

Emissions intensity (E2) gauges our operational efficiency against economic output and industry benchmarks. In 2024, our CO₂ intensity was 0.008 kg/EUR of turnover, maintaining the same level as 2023. This stability, despite increased production, reflects our success in decoupling growth from emissions through efficiency and renewable energy.

Crucially, our intensity per unit manufactured significantly improved to 0.033 kg per unit, down from 0.058 kg in 2023. This demonstrates enhanced carbon efficiency in production.

Energy Usage (E3)

Energy consumption is a significant factor in climate change, as the combustion of non-renewable fuels contributes to greenhouse gas (GHG) emissions and other environmental

impacts. Improving energy efficiency is therefore crucial in combatting climate change.

In 2024, MÁDARA continued its efforts to optimise energy consumption.

MÁDARA consumed 36 411.58 kg of gas, out of which 24 819.82 kg were used for heating and 11 591.76 kg were used for steam generation.

Energy Intensity (E4)

Energy intensity expresses the energy required per unit of activity, output, or any other organisation-specific metric. In 2024, MÁDARA energy intensity was 0.126 MWh per square metre of floor space of MÁDARA



headquarters (a decrease of 35% as compared to 2023) and 1.811 MWh per full-time employee.

Energy Mix (E5)

The consumption of fossil fuels is a major contributor to greenhouse gas (GHG) emissions and broader environmental degradation. Transitioning to renewable energy sources is paramount in the global fight against climate change.

At MÁDARA Cosmetics, our main energy sources are gas and electricity. In 2024, we proudly achieved 100% renewable electricity procurement, sourcing our power from hydroelectric, biomass, and wind facilities.

Water Usage (E6)

At MÁDARA, we recognise that clean water is fundamental to environmental well-being. Therefore, we diligently manage our water resources, focusing on reducing wastewater pollution and optimising consumption throughout our manufacturing operations.

In 2024, our total water consumption reached 7,680 m³. The majority of this volume was utilised in our manufacturing and cleansing/hygiene processes, underscoring the importance of efficiency in these areas.

We ensure the purity of our wastewater primarily through the careful selection of natural and readily biodegradable product ingredients. Additionally, we enforce stringent standards for all cleansing and disinfecting agents used in our facilities. By implementing robust wastewater and rainwater pollution monitoring procedures, MÁDARA is

able to return water to the municipal system with minimal pollutant levels, making it easily manageable by local treatment facilities and supporting the natural water cycle. This commitment reflects our dedication to responsible water stewardship.

Eco-friendly cleaning and hygiene

At MÁDARA, we employ a carefully selected range of cleaning and disinfection agents to maintain the highest standards of hygiene and safety. Our approach prioritises environmental responsibility and product integrity. The agents we utilise include: natural plant alcohol, natural plant-based surfactants, iso-propyl alcohol, amphoteric surfactants and hydrogen peroxide

Crucially, all these cleansing and disinfection agents undergo rigorous verification by ECOCERT Greenlife, an independent auditing body. This certification ensures that our choices align with strict environmental and ethical standards, reinforcing our commitment to sustainable practices throughout our operations.

Reinforcing recycling

At MÁDARA, our commitment to sustainability extends beyond our products to their entire lifecycle, including end-of-life management. To actively promote sorting and recycling among skincare consumers, MÁDARA accepts empty product packaging at our brand stores in Riga. As an incentive, we offer a discount for every packaging item brought back to the store. The collected packaging is then responsibly sent for further recycling. In 2023, we focused on accumulating larger quantities



to ensure a more efficient recycling process for these returned items.

Beyond consumer take-back programmes, we meticulously manage our operational waste streams. Our ongoing efforts aim to minimise our environmental footprint through robust waste reduction and recycling initiatives.

Everyday Waste: Our general waste, generated from both manufacturing and office operations, saw an increase. In 2024, our everyday waste increased to an estimated 58.98 tonnes, marking a 33% increase compared to 2023.

Paper, Cardboard, and Wood: This category, which includes packaging materials and office paper, showed a positive trend. In 2023, we processed 44.7 tonnes, an 8% increase from 2022. However, in 2024, the combined total for paper, cardboard, and wood decreased slightly to 43.9 tonnes, representing a 2% reduction compared to 2023.

MÁDARA and the LEAN philosophy

At MÁDARA, our production process is continually evolving, with a persistent focus on enhancing efficiency in how we create our products. To drive this, we fully embrace the LEAN philosophy. This approach is centred on systematically eliminating all non-value-adding activities and waste, thereby streamlining daily operations, minimising errors, elevating product quality, and boosting overall job satisfaction. Such a methodical approach profoundly impacts our company's sustainability, benefiting both our environmental footprint and our social responsibility.

Our dedicated LEAN team is integral to this commitment. Comprising individuals passionate about process improvement and making work more efficient for everyone, this team consistently identifies and implements improvement projects each month. Their proactive involvement ensures that the LEAN principles are not just theoretical, but are actively integrated into our daily practices, driving continuous positive change across the organisation.

Production

In 2024, we continued to build on the significant advancements made in previous years. A key enhancement to our production capabilities is the introduction of the small DUMEK10 reactor. This new equipment allows us to conduct trial tests with a minimum batch size of just 4-5 kg, a substantial reduction from the previous minimum of 15 kg. These smaller test batches are crucial for product development,

enabling us to accurately assess final product texture and anticipate challenges during scale-up processes, ultimately leading to more efficient resource utilisation.

Our focus on sustainable packaging for new product lines remains a top priority. The entire Retinol line and all powder products (powders, blushes) are now filled in recyclable packaging. Furthermore, for new product designs, we have eliminated the use of glossy coatings in



the flacon design, further enhancing recyclability and reducing material complexity.

Ensuring proper cleaning and maintenance of production equipment remains a critical factor in our manufacturing process. Each machine undergoes thorough washing to prevent contamination. To enhance cleaning efficiency, procedures are specifically optimized for similar product types. This optimisation significantly reduces washing times by two thirds or 67% resulting in substantial savings of resources such as water, electricity, and cleansing detergents.

We continue to refine our material circulation process from filling to the packaging area, which has significantly reduced the stock of prepared materials and minimised errors in the workflow.

As part of our ongoing efforts to reduce waste, MÁDARA products with minor packaging defects are made available for purchase during our Company's Factory Outlet sales. This approach prevents the waste of resources invested in their production, as these products remain perfectly functional and meet our stringent quality and safety standards.

Furthermore, MÁDARA emphasizes recycling to keep materials in use. We actively manage release liners, the backing paper used for stickers, which are typically challenging to recycle. We ensure these liners are responsibly handled by returning them to our sticker supplier, who possesses the capability to effectively recycle them. This practice ensures these materials are given a new life rather than being disposed of. Additionally, we have minimised paper consumption in production by eliminating redundant steps in our documentation workflow, contributing to our overall sustainability goals.

Consistently, the well-being of our employees remains our top priority. Our powder production/pressing area is equipped with a high-intensity, explosion-proof dust extraction system, safeguarding against the inhalation of small particles and maintaining safe working conditions.

Warehouse

MÁDARA continuously seek innovative ways to minimise waste, optimise resources, and reduce our environmental footprint.

To prevent the unnecessary waste of outer shipping boxes for customer orders, we efficiently utilise inner carton boxes for packing employee orders. This strategic approach allows us to repurpose existing packaging materials, significantly reducing overall packaging waste.

Furthermore, we've implemented a more sustainable inter-office transport solution between our Riga and Marupe locations. Instead of relying on external courier services, our employees conveniently transport items during their regular commutes. This simple yet effective measure optimizes resource utilisation and substantially minimises the environmental impact typically associated with conventional courier deliveries.

Additionally, MÁDARA rigorously evaluates the necessity of internal cardboard packaging throughout our production and packing processes. By carefully considering factors such as product protection and maximising material efficiency, our goal is to pack more items per box. For example, for web orders, we've determined that inner cardboard might be unnecessary for warehouse storage when products are destined to be dispatched together, fur-

ther reducing material consumption and enhancing overall packaging efficiency.

Laboratory

At MÁDARA, our commitment to sustainability permeates every stage, from initial concept to the final product reaching our customers' homes. Our laboratory team is at the forefront of this effort, continuously striving for improvements that save resources, conserve energy, reduce waste, and boost efficiency. While seemingly minor, these individual changes collectively create a substantial positive impact on our environmental footprint.

The cycle of creation, testing, and iteration is fundamental to developing functional, high-quality products. Throughout this process, we diligently ensure the reuse of various materials. For instance, packaging no longer suitable for production or deemed defective, which would otherwise be destined for landfill, is repurposed for filling samples in stability tests and internal/external evaluations. These samples are then stored in cardboard boxes that the Warehouse Department would otherwise discard. Furthermore, we've implemented a robust system for reusing primary packaging for powder products more than twice by requesting their return from internal testers, thereby significantly reducing plastic consumption. In 2024, we further optimised external testing by filling samples into 5ml vials when only sensory properties, scent, or color feedback is required, not long-term efficacy. This allows us to save raw materials and resources in preparation, a significant improvement from the previous minimum volume of 15ml.

Within our laboratory processes, such as sample preparation, raw material collection, and weighing, we prioritise the use of glass and metal containers to minimize plastic consumption. These containers are diligently collected and washed in dishwashers, contributing to reduced water usage. Additionally, raw material conformity certificates are maintained exclusively in electronic form, thereby reducing paper waste, and we utilise rechargeable batteries for electronics like computer mice and remote controls.

A critical aspect of our resource efficiency is the careful consideration given to manufacturing quantities, ensuring we meet all needs while avoiding large surpluses. In product development, many new recipes are initially prepared in small quantities (prototypes). Only after their thorough evaluation are the most promising options selected for larger volume preparation and filling into packaging for stability testing. This strategy significantly reduces the number of samples filled into final packaging, leading to substantial savings in raw materials, preparation time (due to shorter heating times for smaller batches), and overall time resources. In 2024, we also commenced the development of a COLD COLD process for certain products, which entirely eliminates the heating and cooling of the mass during production, except for specific raw materials if their properties require it.

Further demonstrating our commitment to sustainable innovation, in 2024, we also began the implementation of six research projects with a total funding exceeding 1.2 million euros. Within the framework of these projects, new, innovative cosmetic products will be created.



PART 4

Social *Responsibility*

Skincare for humanity



4.1. Foundations of Social Responsibility

*Social responsibility is an integral part of MÁDARA's values and purpose.
Our social responsibility is based on four foundation pillars*

Firstly, we prioritise health and environmental safety by exclusively using organic and natural ingredients. This approach ensures our beauty solutions are effective without compromising the well-being of consumers or the planet, thereby reducing chemical exposure risks and limiting environmental pollution for broader societal benefit.

Secondly, our corporate culture is built on respect for diversity, openness, and equality. This is reflected in our business conduct, public communication, and internal structure, including gender diversity among employees and board members. We foster transparency by actively sharing our production process behind the scenes on social media, inviting public insight.

Thirdly, our fair pricing principle ensures that product costs genuinely reflect manufacturing expenses, without externalising them to developing countries at the expense of workplace safety, social welfare, or environmental integrity. All MÁDARA products are produced under fair and safe working conditions in our Latvian factory, with a strong preference for local and organically sourced ingredients, chosen for their ethical and sustainable credentials.

Fourthly, recognising the pervasive challenges of inequality and discrimination, MÁDARA actively collaborates with expert organisations dedicated to fostering a safer and improved society. A continuous contributor to the Latvian NGO MARTA Centre, we support their multi-faceted work combating human



trafficking and domestic violence. This includes advocating for systemic and legislative reforms, conducting preventive education for youth, and providing free legal, psychological, and other essential services to victims. MARTA Centre's collaboration with international partners further extends their reach, sharing best practices and driving positive change in gender equality, domestic safety, and trafficking prevention globally.

4.2. Equality and Humanity



The core purpose of MÁDARA is linked to the powerful concept of benefiting humanity and equality. We live and promote the values of humanity and equality throughout: producing safe and sustainable products, devising safe and natural beauty solutions, creating safe and fair working conditions, sustainable supply chain, opening up our factory to the general public, pursuing a transparent and ethical business practice. Every morning we wake up and come to work to create a better world-product by product, process by process, innovation by innovation.

Non-discrimination (S6)

MÁDARA Cosmetics aims at fostering respect and equality within society members. It is a diverse and international community that is related to the company. Individuals of different cultures, values, national origin, race, colour, gender, marital status, sexual orientation and political opinion are a part of our community. There are two pillars of non-discrimination concept that the company adheres to: respect and social inclusion.

Respect — company members share a mutual respect in their interactions and encounters.

We abide by cultural norms and laws dictated by the markets where we are present. Even if the personal beliefs and viewpoints do not correspond, it is of our responsibility to embrace the viewpoint of others with grace and understanding.

Social inclusion — People of different viewpoints and backgrounds are welcomed in our company. Bias, prejudice and racism have no place in our company and community. We urge our employees to treat clients, partners and fellow employees in the same way regardless of their socioeconomic status, national origin, gender, or sexual orientation.

Human Rights (S10)

Respect for human rights is at the core of MÁDARA. The business at the company is conducted in a manner that respects the rights of all parties involved, complying with all legal requirements. This policy applies to every employee of the company and is built on the following commitments:

Diversity and inclusion

We value the diversity of the employees at the company. Discrimination of any sort is discouraged and forbidden (see more in Non-discrimination policy). We do not tolerate disrespectful or inappropriate behaviour or unfair treatment. Harassment is not tolerated in the workplace and in any work-related circumstances outside the workplace.

Freedom of Collective bargaining

We do not restrict our employees from joining labour unions.

Safety of the workforce

We aspire to provide an injury-free and healthy workplace and comply with applicable safety and health laws and regulations, as well as internal requirements. Together with employees, we are constantly improving the safety measures in our company by identifying the risks and educating our employees.

Forced and Child Labour (S9)

Forced labour, including prison labour, indentured labour and any forms of slavery are forbidden in the company. Employment in our company is possible only on the voluntary grounds under no threat of penalty or sanction. In addition, children under 18 years are not allowed to be hired for work in hazardous

positions. We also make the terms and conditions of employment available to all employees before their employment is started.

Work Hours, Salaries and Benefits

Employees of our company receive competitive wages relative to the industry and specifics of the local labour market. We comply with applicable wage, work and overtime hour and benefits laws. All employees are also ensured with health insurance and a paid day off on their birthday.

In addition, there is one-time allowance in case of a newborn: 500 EUR + parental leave based on local law (for father: 10 working days + 2 months, for mother: 1-1,5 years) and one-time allowance in case of a death of a close relative: 250 EUR.



Social Responsibility Initiatives in 2024

Building a socially responsible workplace

At MÁDARA, we are dedicated to fostering a workplace culture where mutual support is ingrained in our daily interactions. We continuously work to enhance both the individual and collective experiences of our employees. This commitment is demonstrated through a range of employee wellbeing and professional development programmes. To ensure these initiatives truly resonate, we conduct regular employee surveys, allowing us to craft programmes that directly contribute to the overall wellbeing and satisfaction of every member of the MÁDARA team.



Well-being matters

At MÁDARA, we firmly believe that our employees' wellbeing is paramount to our collective success and sustained growth. We are dedicated to cultivating a supportive and enriching environment where every team member can thrive both personally and professionally. Our comprehensive approach to wellbeing encompasses mental health, work-life balance, and fostering a strong sense of community.

Recognizing the significant importance of mental health, MÁDARA takes proactive steps to support our employees. We grant two dedicated paid mental health days per employee, acknowledging the need for proactive self-care and respite. Furthermore, our

standard company benefits include robust health insurance coverage, providing access to essential free counselling and psychotherapy sessions, ensuring professional support is readily available.

MÁDARA is proud to announce that for the second consecutive year in 2024, we have been recognized as a family-friendly workplace. This esteemed status is awarded to companies that not only cultivate an empathetic and humane work environment but also actively foster a culture that provides robust support for employees and their families.

Our commitment to supporting families with children is exemplified by initiatives such as the children's play corners implemented in our offices in last year. These dedicated spaces

are designed to accommodate parents who may need to bring their children to work when alternative care is unavailable, offering a practical solution that eases the demands on our working parents. This recognition reinforces our dedication to creating an inclusive and supportive environment for all our employees and their loved ones.

Beyond internal initiatives, MÁDARA also recognises the importance of supporting broader community wellbeing. We offer our employees paid leave for blood donation, encouraging participation in this vital public health effort and demonstrating our commitment to social responsibility. MÁDARA employees actively participate in donor days, during which blood is donated.

We place a strong emphasis on work-life balance, understanding its crucial role in employee satisfaction and overall health. To support this, we offer flexible work arrangements, including remote and hybrid work options where feasible. For our dedicated factory and warehouse employees, we ensure stable work schedules, strictly avoiding night shifts or weekend work, to safeguard their personal time and rest. Additionally, as a token of appreciation and to encourage personal celebration, the company grants one day of paid leave on each employee's birthday.

Staying active and healthy together

An active and healthy lifestyle of the employees is prioritised by offering a variety of activities. We actively encourage participation in community events like the Riga Marathon. In 2024 also a dedicated MÁDARA team took part, benefitting from collective training sessions offered prior to the event. Demonstrating

our international spirit and commitment to health, the MÁDARA team also participated in the "La Parisienne" women's run in Paris.

Beyond individual pursuits, the MÁDARA team showed a tremendous community spirit in 2024 by participating in the Charity Football Tournament organized by DHL. This involvement allowed us to contribute not only financial resources but also valuable time to the SOS Children's Villages, reinforcing our dedication to social responsibility.

Fostering a culture of continuous learning

At MÁDARA, we are deeply committed to cultivating an environment where our employees can continuously grow, explore their interests, and develop their professional capabilities. We believe that investing in our people's knowledge and skills is fundamental to both their individual success and our organisational resilience. In 2024, we continued to expand and refine our comprehensive range of learning and development opportunities.

Our offerings include tailored in-house programmes, access to external training, specialised leadership development, and personalised coaching. These initiatives are designed to foster both individual and collective growth.

Managerial Excellence: Building on the foundations laid in 2023, managers continued to benefit from group supervision and individual coaching sessions with external professionals. These programmes are crucial for enhancing leadership skills, fostering effective team dynamics, and addressing complex challenges.

Specialized Skill Enhancement: Our Sales team, for example, undertook a comprehensive

six-month course to significantly advance their professional capabilities, ensuring they remain at the forefront of industry best practices.

Broad Participation in Training: In 2024, approximately 100 employees participated in various external training programmes, demonstrating a strong commitment to expanding their expertise beyond MÁDARA. Similarly, around 100 colleagues engaged in diverse internal training sessions, leveraging in-house knowledge and fostering cross-functional learning.

Strategic Partnerships for Enhanced Training: In 2024, we've initiated a series of diverse training programmes and courses in collaboration with European co-financed grants. These trainings are implemented with organizations such as the Latvian Information and Communications Technology Association (LIKTA), the Association of the Latvian Chemical and Pharmaceutical Industry, and Riga Business School's LIFT courses. These collaborations significantly broaden the scope and quality of development opportunities available to our team.



Our commitment to social responsibility ensures that employees feel supported and valued, both within and outside of the workplace.

4.3. Equality in Figures

Gender Pay Ratio (S2)

The Gender Pay Ratio quantifies the extent and influence of salary disparities between genders within our organisation. Calculated as the median male salary divided by the median female salary, it highlights the broader issue of gender pay inequality prevalent in the labor market, which disproportionately affects women. Currently, the average gender pay gap across the EU stands at 12%, with women in managerial roles earning, on average, 23% less than their male counterparts. Latvia records one of the highest gender pay gaps in the EU at 19%.



In contrast to these trends, MÁDARA demonstrates a distinctive gender pay ratio of 85%, indicating that women, on average, earn more than men within our company, diverging from both Latvian and EU averages. Any annual fluctuations in our internal pay gap, regardless of direction, are attributable to specific job roles and market conditions. Furthermore, when analysed by seniority, these variations can sometimes be a mathematical artifact of using median calculations and the significant proportion of female employees in our overall workforce. Globally, certain higher-paying sectors naturally attract more male professionals, while others predominantly attract females. At MÁDARA, the representation of men in some higher-paying areas, such as e-commerce and IT, can skew our ratio at certain levels. However, it is crucial to emphasise that MÁDARA maintains strict non-discrimination policies, ensuring equal pay for equal work within the same job position.

Executive positions MÁDARA – 1.3 men earn slightly more than women.

Manager positions MÁDARA – 1.07 women and men earn essentially the same amount.

Specialist positions MÁDARA – 1.04 women earn more than men.

MÁDARA production and warehouse employees – 1.26 men earn slightly more than women

Employee Turnover (S3)

Employee turnover, reflecting staff departures whether voluntary or otherwise, serves as a key metric for evaluating both HR

effectiveness and the workplace atmosphere. A low turnover rate signals reduced recruitment and training expenses, alongside high employee satisfaction. However, a degree of turnover is beneficial, as new hires introduce valuable knowledge, skills, and perspectives that foster company growth. MÁDARA's employee turnover rate significantly decreased to 19% in 2024, down from 29.4% in 2023.

To improve the job satisfaction of our employees, and, in turn, improve retention going forward, in 2024 several improvements in Human Resource management were made:

1. To cultivate a more cohesive and responsive organisational culture, monthly employee meetings have been initiated. These structured meetings are designed to keep staff abreast of company news and progress, alongside offering an invaluable opportunity for employees to provide feedback and have their queries addressed. This consistent exchange of information is instrumental in promoting a sense of belonging and fostering a more dynamic and supportive workplace.

2. To enhance the effectiveness, transparency, and systematic nature of our employee performance evaluations, we are implementing a comprehensive Performance Review Cycle complemented by a Management Roundtable.

3. Twice a year we have pulse surveys to detect any issues in the teams, communication, management, work-life balance and other topics. After each employee survey we conduct team meetings to discuss the results and necessary team-specific improvements.

4. Furthermore, an annual employee satisfaction survey is conducted to identify key areas

of improvement and areas still requiring attention. The results of the 2024 annual survey revealed significant improvements, particularly in the following areas:

- *Safe space* – demonstrating improved communication among colleagues.
- *Direct manager relationship* – Employees reported feeling more informed about business and direct results, experiencing more regular feedback and recognition, feeling safe to provide feedback, and perceiving enhanced growth opportunities.

5. We revised our employee benefits package, introducing flexible options to cater to diverse life situations and fostering a more inclusive benefits policy.

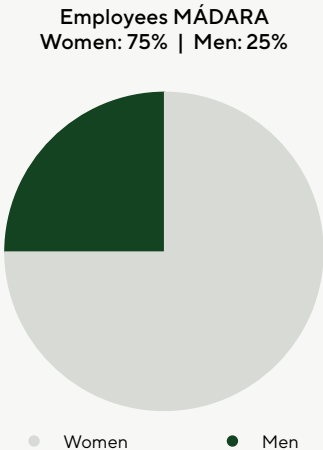
6. The company prioritises the development of employee qualifications and the provision of continuous training. To further enhance leadership capabilities, managers received group supervision and individual coaching, continuing the last year training programme. This year, over 100 employees participated in external training programmes, with a similar number benefiting from various internal learning initiatives.

7. In March, an all-employee conference was successfully hosted at the Latvian National Library, featuring a comprehensive review of the year's results.

8. We continue to have exit interviews during every exit and continuously analyse feedback from current and former employees to identify areas for improvement in recruitment, onboarding, training, career development, management and company culture. We are proud to report that in 2024, MÁDARA's employee turnover rate significantly decreased to 19%, marking a notable reduction compared to the previous year.

Gender Diversity (S4)

The percentage of female full-time employees to the total number of full-time employees; this ratio can indicate risks related to workplace inequality.



Contractors, Consultants and Part-Time Worker Ratio (S5)

The distribution of employee contract types is a key indicator of job stability and the scope of benefits and security an organisation provides. At MÁDARA, we firmly believe in fostering a foundation of secure employment.

In 2024, our ratio of part-time employees was 10.4%. This figure represents a notable 3.0 percentage point increase compared to 2023, when the ratio stood at 7.4%. To provide a broader perspective, the average part-time employee ratio over the last six years (2019–2024) has been 5.0%. This historical context allows us to assess current trends against our long-term staffing strategy.

With a substantial 89.6% of our workforce engaged in full-time contracts, MÁDARA is demonstrably contributing to the social stability and economic security of our employees. This high proportion of full-time roles underscores our dedication to providing consistent employment opportunities, which in turn supports the well-being and long-term planning capabilities of our team members. We believe that a predominantly full-time workforce not only strengthens our internal capabilities but also reflects our commitment to responsible employment practices within the broader community.

Human Rights Violations (S11)

The number of grievances or judgments regarding human rights impacts during the reporting period – 0.

4.4. Health & Safety at MÁDARA



Creating a safe working environment and caring for the health of our employees is one of the main focuses of human resource management at MÁDARA.

Safety of the workforce:

At MÁDARA, the safety and well-being of our workforce are paramount, encompassing both physical and psychological security. We are committed to fostering a workplace where every employee feels respected, valued, and safe.

Compared last year, significant improvements were achieved this year concerning our “Safe Environment” metric, with employees reporting a reduced exposure to aggressive or offensive communication. This positive shift is a direct result of targeted actions we’ve implemented:

Zero Tolerance Policy: We have explicitly defined in our internal regulations that aggressive or offensive communication will not be tolerated. This policy was thoroughly communicated during employee meetings, reinforcing our commitment to a respectful workplace.

Targeted Communication Workshops: For departments that faced communication challenges, we organized specialised workshops. During these sessions, teams collaboratively established their own internal guidelines for mutual communication, empowering them to create and maintain a respectful dialogue amongst themselves.

– There is a risk assessment for each job position of the company. Based on these risks a personalised instruction is created in order to define the equipment standards and protection tools if needed (e.g. specialised shoes, helmets, etc.). MÁDARA provides employees with all of the protection tools needed and organises regular checks of how employees comply with the health and safety policy.

– Each employee has been informed about the health and safety policy and trained before they commence work.

— MÁDARA organises centralised health and safety training once a quarter.

— Special permits.

Health and safety of the workforce is regulated by the legislation of the Republic of Latvia; MÁDARA respects all regulations and norms and has implemented a health and safety policy.

There is a special position at MÁDARA called a Safety Officer, which has responsibility for ensuring that both the employer and employees comply with safety legislation as well as that the health and safety policies are adhered to. MÁDARA has entered into a contract with a health and safety advisory and training company to ensure double control of all issues related to health and safety.

In the case of work in increased risk areas or work with specialised equipment (e.g. warehouse loader), special training is organised. Only those employees who have been trained and have obtained a special permit can work with specialised equipment or work in increased risk areas. Additionally, to ensure the safety of the employees and company visitors, walking areas in the factory and warehouse have been marked with a safety ribbon.

Fire safety

— There are fire evacuation plans in the MÁDARA building at 131 Zeltīnu Street, Marupe, Latvia.

— Each employee has been informed about fire safety and undergone training before the commencement of work.

— MÁDARA organises a centralised fire evacuation exercise once per year.

Health of the workforce

Mandatory Health Examinations are organised by MÁDARA once per year in order to guarantee each employee has an easy access to doctors as well as ensure that all employees fulfil the mandatory health examination.

MÁDARA provides employees with free-of-charge health insurance that covers the costs of medical services according to the insurance programme and personal accident insurance.

We succeeded in developing effective ways for the office staff to perform their daily duties remotely. Today, it allows us to offer the employees a flexible work module to help balance their work and private life.

Injury Rate (S7)

At MÁDARA, the safety and well-being of our employees remain a top priority. We are pleased to report that the company has historically maintained a low incidence of workplace injuries.

Building on this foundation, this year, we initiated enhanced occupational safety measures within our production facility. MÁDARA has proactively deepened its focus on workplace safety issues and launched new initiatives aimed at continuous improvement. This demonstrates our ongoing commitment to ensuring a secure and healthy environment for all our employees, reinforcing our dedication to preventing incidents and promoting a culture of safety.

4.5. Together with Society

We are firm believers in social responsibility—in fact, it is at the heart of MÁDARA brand values and purpose.

At MÁDARA, we are dedicated to making a positive difference in our communities, aligning our actions with our core brand values.

Since 2016, MÁDARA has worked as a volunteer for MARTA Centre, an NGO that works with issues relating to victims of domestic violence and human trafficking. Apart from her volunteer work, she does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.

Beyond this, MÁDARA has provided financial support to World Wildlife Fund to foster sustainable development in Latvia. This material aid is dedicated to implementing an educational initiative for young audiences on sustainable development, specifically focusing on mitigating climate change, preserving biodiversity, and promoting a circular economy.

We actively participated in Shadow Day, hosting more than 20 students for direct career



insights, and welcomed numerous interns across various departments, providing valuable real-world experience.

A significant highlight of our 2024 community engagement involved hosting various student groups at our facility to foster understanding and interest in STEM (Science, Technology, Engineering, and Mathematics) fields. Notably, one of these groups included children and young people from orphanages, with over 100 students in total visiting our production facility. This initiative was carried out in collaboration with the organization "Tauriņa efekts" (EN. Butterfly effect). During these tours, the young people gained a deeper understanding of the diverse professions within our company that are directly related to STEM fields, hopefully inspiring future career paths.

Nr 1. Greenest Brand in the Baltics

In 2024, MÁDARA was named the Greenest Brand in the Baltics for the second year in a row at the Baltic Brand Awards – a recognition driven by public perception and brand trust.

We were also ranked among the Top 20 Most Humane Brands in the region, reflecting our long-term commitment to ethical practices, sustainability, and transparency.

This acknowledgment reaffirms our role as a values-driven company and motivates us to continue raising the bar for responsibility in the beauty industry.

Celebrating 18 Years of MÁDARA

In 2024, MÁDARA celebrated its 18th anniversary – marking nearly two decades of

growth from a local pioneer in natural cosmetics to an internationally recognised brand.

Today, our portfolio includes over 170 products available in 45 countries. All formulations are still proudly developed and manufactured in Mārupe, Latvia, with sustainability and transparency at the core of every process – from ingredient sourcing to packaging.

Our commitment to clean, responsible beauty continues to earn recognition from global media such as Vogue, Elle, Marie Claire, and Numéro, and has also caught the attention of actress and wellness advocate Gwyneth Paltrow.

Celebrating in Nature

Our team spent MÁDARA birthday in a meadow. Natural grasslands are vital reservoirs of biodiversity. They need human care to thrive – trimming the grass and cleaning up the area is crucial for sustaining a suitable habitat for wildlife. Together with the World Wildlife Fund, our team took over the care of a protected grassland in Ķemeri, Latvia, tending to 2.2 hectares where every saved square metre counts.

"Hi, its meadow" campaign

For Midsummer 2024, MÁDARA gave a voice to Latvia's vanishing grasslands through a creative awareness campaign.

With support from the Latvian Fund for Nature, we brought a traditional haystack to a shopping mall and handed out wildflower bouquets in the streets – reminding people of the cultural and ecological value of

natural meadows, and the biodiversity they quietly sustain.

Innovation That Performs, Naturally

In 2024, we launched 11 new products – each reflecting our commitment to innovation, performance, and clean formulations.

A major highlight was the expansion of the Retinol Alternative line with a day cream, night cream, and eye cream – building on the success of our best-selling serum. Generating nearly EUR 1 million in revenue, the line became a key driver of skincare growth.

In makeup, we broadened our SKINONYM foundation shade range and introduced talc-free pressed powders and blushes –

high-performance formulas rooted in skin health.

2024 also marked our debut in men's skin-care with the launch of the HIS Line – a new chapter for MÁDARA.

The awards received for our Retinol Alternative Plant-Powered Serum and Skinonym Semi-Matte Peptide Foundation came from the European Natural Beauty Awards. This esteemed program serves as Europe's industry recognition platform for outstanding natural cosmetics and sustainable beauty products. Each year, the awards unite the industry to celebrate the best natural cosmetic products in Europe and honour the professionals who have significantly contributed to the industry's growth. These accolades reaffirm our position as a leader in natural and sustainable beauty.



PART 5

Corporate *Governance*



Board – Board diversity (G1)

The Company has a two-tier management structure comprised of the Management Board and the Supervisory Board. While the Management Board has responsibility for everyday management, the Supervisory Board represents shareholder interests in General Meetings and oversees the activities of the Management Board. The percentage of Total Board seats occupied by gender: **Women: 75% | Men: 25%**.



Uldis Iltners
Mr Iltners, born in 1983, is a member of the Company's Management Board. He was the Chief Executive Officer of the Group until May 22, 2023. Mr Iltners graduated from the

BA School of Business and Finance in 2003 with a bachelor's degree in business management and leadership. Before co-founding the Group in 2006, he worked as a private entrepreneur, for instance as CEO and analyst at an IT consulting service providing computer simulation assisted production controlling and optimisation for manufacturing companies. He is Member of the Board in SIA Cosmetics Nord, SIA SLFNMD and SIA KALVI Capital.



Lotte Tisenkopfa-Iltnere
Ms Tisenkopfa-Iltnere, born in 1982, is the Chairman of the Company's Management Board. Ms Tisenkopfa-Iltnere graduated from the University of Latvia

in 2005 with a bachelor's degree in Asian studies, where she mastered Asian culture, business and the Japanese language. Co-founded the Group in 2006. In 2009 Ms Tisenkopfa-Iltnere completed the Swedish Institute Management programme of leadership and corporate social responsibility practices. Since 2016, has worked as a volunteer for MARTA Centre, an NGO that works with issues relating to victims of domestic violence and human trafficking. Apart from her volunteer work, she does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.



Gunta Šulte
Ms Šulte, born in 1983 is Chief Executive Officer of the Group, assumed on May 22, 2023, and a member of the Company's management board since July 12, 2023. Ms Šulte holds

a Bachelor's degree in Economics and Business Administration from the Stockholm School of Economics in Riga and a Master's degree in Fashion and Design Management from SDA Bocconi School of Management in Milan. Before the appointment as CEO of the Group, she has acquired close to two decades of experience in management positions, bringing invaluable international expertise to her new role. She does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.



Tatjana Nagle
Ms Nagle, born in 1996, is a member of the Company's Management Board. Ms Nagle has a Degree of Bachelor of Science in Economics and Business from SSE Riga. Ms Nagle

joined the Group as a business analyst in 2018, from 2021 fulfilling the role of Chief Financial Officer. She does not hold any positions or perform any activities outside the Group that are significant with respect to the Group.



Disclosure practices (G9)

The Management Board has the duty to submit a report on the activities and financial position of the Company that is open to the public once every 6 months. The report shall include the financial performance of the Company for the past 6 months as well as describe the recent outcomes of Management board activities and outline future strategies for development.

Supervisory Board

Name	Position	Involved in executive activities of the Company
Sari Hannele Rosin	Member of the Council	No
Liene Drāzniece	Deputy Chairman of the Council	Yes
Anna Ramata-Stunda	Chairman of the Council	No
Anna Andersone	Member of the Council	No
Edgars Pētersons	Member of the Council	No

SUPERVISORY BOARD



Liene Drāzniece
Ms Drāzniece has received a degree in Visual Communication from the Latvian Academy of Art and later Design Direction specialisation from the Instituto Marangoni Milano. Ms Drāzniece has spent years working as an art director for major Latvian brands. She is also the author of several brand identities for consumer goods and niche products.



Anna Ramata-Stunda
Since 2010, Ms Ramata-Stunda has worked as a researcher and in 2016 also became a lecturer at the University of Latvia. Currently Ms Ramata-Stunda is a PhD Candidate in Biotechnology at the University of Latvia, a member of the Latvian Association of Microbiologist and a cofounder of two biotechnology companies – SIA InCell and SIA Alternative Plants. A number of scientific publications and cutting-edge patents in biotech are also on her list.



Anna Andersone
Ms Andersone, a graduate of the Stockholm School of Economics in Riga, has worked as a Project Director and Strategist for the Baltic and international market. She has co-founded online-based service startup companies “be-with”, The Mill, Froont, “berta.me”. Some of the management positions that Ms Andersone holds include SIA HungryLab, NGO TechHub Riga, SIA Hello World and others.



Edgars Pētersons
Mr Pētersons, a graduate of Stockholm School of Economics in Riga, has worked as a marketing and brand consultant since 2007. He is a co-founder of one of the leading creative and strategic agencies in Latvia – WKND. He is working with some of the leading Baltic brands to help them break into new markets.



Sari Rosin
Ms Rosin, from Finland, is CEO for the one of the leading Finnish cosmetics sales and marketing companies ‘Transmeri’ – a family owned Company since 1928 operating in Finland, Sweden and Baltics. Transmeri is a market leader in natural organic cosmetics, and MÁDARA and MOSSA brands are very successful in the Finnishmarket. Ms Rosin has also long experience for retail business, from different kind of chains from convenience stores to department stores. Ms Rosin is also chairman of the board in the Finnish Cosmetics and Hygiene Industry Association.

Incentivised Pay (G3)

Currently, the Management Board is not incentivised to execute a long-term ESG strategy. Nevertheless, it is a part of every employee's duties and day-to-day activities to work in accordance with the environmental, social and corporate governance guidelines stated in this report.



Collective Bargaining (G4)

The employees of the company are not part of any collective organisations of workers, but the policy of the company is to encourage employees to be open about how they see the company could improve its everyday activities and thus the everyday work-life of its employees.

The company ensures that both the physical and emotional work environment of the employees meets the requirements of Latvian legislation, promotes productivity and that each employee can fulfil their professional potential.

All employees are regularly instructed about fire safety and general work safety. In addition, with certain regularity everyone is required to perform a compulsory health check. All necessary protective clothing, equipment and tools are provided to the employees to perform their work in a safe and sustainable manner.

The employees are encouraged to express their opinion about various topics relevant to the company as well as their overall satisfaction with their work. The results of an annual employee satisfaction survey and quarterly pulse-surveys are presented to the executive team to discuss the necessary improvements. In addition, it is communicated to the employees that they can approach any of the members of the executive team in order to discuss both company matters and their specific position in the company. Before all-hands employee meetings employees can submit anonymous questions with management guarantee to reply to every question.

In 2024, the number of employees has grown by roughly 16.56%. 9 new job positions have been established in 2023. 13.6% or 25 of the employees have changed their position within the Company during the past 12 months, gaining an opportunity to develop their skill-set and acquire new knowledge within the same Company, but in a different field of their interest. Fair labour practices are applied in the hiring process, horizontal and vertical promotion process as well as everyday work-life, giving all employees the opportunity to fulfil their work targets.

Supplier Code of Conduct (G5)

MÁDARA has a strong position with regard to its suppliers. We strive to ensure responsible supplier relationship by integrating

environmental, social and ethical standards. The relationship is maintained via a constructive dialogue. The Supplier Code of Conduct (the Code) dictates the requirements for suppliers in terms of their responsible business conduct. At minimum, we expect that our suppliers comply with the national regulations and meet the requirements of the Code. The company expects suppliers to follow the requirements listed below:

Labour and human rights

1. The supplier does not discriminate on the basis of national origin, race, colour, gender, sexual orientation, marital status, political opinion and disability.
2. The supplier provides its employees with working conditions, hours, wages and leave in accordance with local regulations and industry.
3. Personal information of employees is gathered and stored respecting employees right to privacy.
4. The supplier prohibits forced labour practices including prison labour, indentured labour or any forms of slavery.
5. The supplier prohibits child labour practices in the company that could damage children's physical or mental health or prevents them from attending school.

Health and safety

1. The supplier ensures healthy and safe working conditions, takes preventive measures to minimize the risk of work-related accidents and injuries.

Environment

1. The supplier complies with the local environmental law in a systematic manner.
2. The supplier has a written environmental policy that is relevant to its type of operation and size.
3. The supplier complies with MÁDARA environmental guidelines and requirements.

Business integrity and operations

1. The supplier complies with all applicable laws and regulations concerning bribery, corruption, fraud, intellectual property rights and competition.
2. The supplier provides a complaint mechanism for managers, workers and communities to report workplace complaints.
3. The supplier acts according to written or verbal agreements, and it has sufficient financial resources to deliver what is required.
4. The supplier keeps the quality standard of the product/ service and minimizes the risk of a faulty product.
5. The supplier ensures that the resources allocated for purchasing products/services are used efficiently and generate the most value.
6. The supplier seeks to ensure that everyday communication is clear and problem-solving is solution driven.





Ethics & Anti-Corruption (G6)

Every employee has been introduced to the values and inner culture of the company and is expected to follow these guidelines. The values of humanity and equality embody respect, openness, friendliness and honesty among each other, which can also be considered as the ethical code of conduct of the company. These values apply not only inside the company, but also to outside communication and partnerships.

Introduction

It is the policy of MÁDARA to comply with all applicable anti-bribery and anti-corruption laws. This Policy also exists to act as a source of information and guidance for those working for the company. It helps employees recognise and deal with bribery and corruption issues, as well as understand their responsibilities.

Bribery is defined as an act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence an action or decision. Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also in breach of this policy.

The most prevalent forms of bribery and corruption stem from:

1. Payments to a company's employees or their relatives, or to a third party, to secure an advantage in business transactions.
2. Political contributions made to secure an advantage in business transactions.
3. Charitable sponsorships used to secure an advantage in business transactions.
4. Gifts, hospitality and expenses payments made to secure an advantage in business transactions.

Purpose

The sole purpose of this anti-bribery policy is to set out the responsibilities of the company and those who work for us in regard to observing and upholding our zero-tolerance position on bribery and corruption.

Scope

This policy is applicable to employees, related personnel (spouse, children, etc.) of the company and third parties acting on behalf of the company and is valid to all business dealings and all jurisdictions where the company operates.

How does one identify a bribe?

When in doubt, the following questions can be asked:

1. am I being asked to pay something/provide any other benefit over and above the cost of the services being performed?
2. am I being asked to make a payment for services to someone other than the service provider?
3. are the hospitality or gifts I am giving or receiving reasonable and justified? Would I be embarrassed to disclose them?
4. when a payment/other benefit is being offered or received, do I know or suspect it is to induce or reward favourable treatment, to undermine an impartial decision-making process or to persuade someone to do something that would be regarded the proper performance of their job?

Environmental Social and Governance Policy / Environmental Policy

1. Purpose and commitment: MADARA Cosmetics is dedicated to advancing sustainability and minimising environmental impact. This policy outlines our commitment to environmental stewardship and details the measures we take to achieve our sustainability objectives.

2. Sustainable resource management

2.1. Raw material sourcing: We prioritise the use of natural, organic, and responsibly

sourced raw materials. The raw materials of ECOCERT certified products need to comply with the latest COSMOS standard, which ensures lower environmental impact and sustainable agricultural practices.

3. Carbon footprint reduction

3.1. Renewable energy usage: We aim to reduce our greenhouse gas emissions by increasing the share of renewable energy in our operations.

3.2. Energy efficiency measures: Investments in energy-efficient technologies, such as LED lighting and optimized production machinery, help us minimise energy consumption. In addition, we adapt LEAN principles in production management to make sure that we can manufacture same amount of product, using less resources.

4. Waste Management and circular economy

4.1. Waste reduction initiatives: We strive to minimise waste generation at every stage of our production process through recycling, repurposing, and reducing excess packaging.

4.2. Recyclable packaging: Committed to a circular economy, we design our packaging to be recyclable and are actively exploring innovative materials that reduce environmental impact.

5. Water conservation efforts

5.1. Efficient water usage: We monitor and manage water consumption to minimise wastage, implementing water-efficient technologies and practices throughout our production processes.

5.2. Wastewater treatment: Our wastewater management systems are designed to reduce pollutants, protecting local water resources and complying with regulatory standards.

6. Biodiversity and environmental impact mitigation

6.1. Preservation of ecosystems: We support biodiversity by carefully assessing our sourcing practices, ensuring that they do not contribute to habitat destruction.

6.2. Sustainable land use: Our agricultural and

sourcing practices are designed to prevent deforestation and promote sustainable land use.

7. Compliance and continuous improvement

7.1. Regulatory adherence: We comply with all environmental regulations relevant to our operations and seek to exceed regulatory standards wherever possible.

7.2. Ongoing improvement: Regular assessments and audits of our environmental impact allow us to set new targets and continually improve our practices.

II Social Responsibility Policy

8. Employee well – being and development

8.1 Safe and inclusive workplace: Providing a safe, healthy, and inclusive environment, promoting respect and fairness for all employees.

8.2. Training and career development: Offering training and development opportunities to foster growth, skill-building, and career progression

8.3. Diversity and inclusion: Commitment to diversity and inclusion through fair hiring practices and creating a culture that celebrates diverse backgrounds and perspectives.

9. Community engagement and social impact

9.1. Support for local communities: Engaging in community initiatives and partnerships that support local economies and social causes.

9.2. Ethical supply chain management.

9.3. Human rights advocacy: Promoting human rights throughout the supply chain by upholding fair labour standards and preventing any form of discrimination or exploitation.

III Corporate Governance Policy

10. Transparency and accountability

10.1. Ethical business practices: Adopting and adhering to high ethical standards across operations, including clear and transparent business practices.

10.2. Accountability measures: Regular audits and assessments to maintain accountability, track progress, and align with our ESG objectives.

11. Board and leadership responsibility

11.1. Leadership in sustainability: The board and executive team champion ESG princi-



ples, setting strategic goals aligned with sustainability and social responsibility.

11.2. Compliance and integrity: Strict compliance with legal and regulatory standards, ensuring that governance practices protect stakeholder interests and build long – term trust.

IV Commitment to continuous improvement

12. MADARA Cosmetics is dedicated to regularly evaluating and improving its ESG practices to respond to evolving sustainability challenges. This policy is reviewed annually to adapt to new insights, technologies, and stakeholder expectations.

Data Privacy (G7)

MÁDARA has made certain actions to mitigate risks related to data privacy and ensure a GDPR compliance. Since the data security and privacy of customers, partners and employees is crucial to the sustainable company operation, with the help of an external auditor, the company has revised and reviewed all the documents, procedures and practices to improve the data privacy standards in the

company. MÁDARA operates under the legislation of the Latvian Republic and has adopted a data privacy policy that complies with the criteria dictated by the law.

External Assurance (G10)

The company is audited by independent organisations, which check several of the criteria mentioned in the ESG report. One such organisation is ECOCERT Greenlife, covering the audit for the sustainability of manufacturing practices and raw materials that are used in product manufacturing. Another organisation, Bureau Veritas Latvia SIA, performs auditing of all of the quality aspects of the product, including traceability, the manufacturing process and storage according to the ISO 22716:2007 standard.

The Financial Statements (including the consolidated financial statements of the Group for the financial year ended on 31 December 2024) have been audited by Deloitte Audits Latvia SIA.

MÁDARA
organic skincare

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